



SAN DIEGO
HOUSING
COMMISSION

Affordable Housing Best Practices Task Force Agenda

May 1, 2013

1:00 – 3:00 P.M.

SDHC Conference Room 426 (check-in at 5th floor lobby)

1122 Broadway, San Diego, CA 92101

I. Discussion

1. Discuss list of potential funding options for affordable housing.

Affordable Housing Task Force Recommendations

November 8, 2011

Items Discussed 4/3/2013

POTENTIAL REVENUE SOURCES

SOURCE		PRO's	CON's	IMPLEMENTATION REQUIREMENTS	POT. REV. AMT.	TIME-FRAME	Notes / Other Considerations
No Voter Approval Required							
1a	Update the Linkage Fee	No General Fund impact	Significant opposition	Nexus Study, five Council votes.	Varries over time.	Council	
1b	Increase Inclusionary Housing Fee	No General Fund impact	Significant opposition; disincentivizes market rate construction	Nexuss Study, five Council votes			
1c	Allocate City Boomerang Funds to Affordable Housing	Significant rhetorical argument in favor of preserving Redevelopment functions.	Revenue goes to the General Funds, which is already impacted.	Allocate at least 20% of the City's boomerang funds to the Housing Trust Fund to spend on affordable housing	About \$2 million each year		
1	Redevelopment Agency Repayments of CDBG Funds	Dedicate repayment to HTF; more immediate than voter initiative	CDBG Program Income parameters apply; not a permanent source	Budgetary considerations; loan repayments are in year 3; ea. Year funds go through an allocation process based on goals in the Consolidated Plan.	Up to \$78 mil.	Council/RDA apprvl, budget cycle	No longer applicable because of RDA Dissolution
2	Reallocation of TOT	Was once part of HTF; best nexus to affordable housing	Large part goes to General Fund	Dedicate what was originally intended for HTF	\$13.6 mil for ea. 1%	Council budget cycle	
3	Reallocation of Rental Unit Business Tax to AH	Strong nexus; could support Infrastructure Bond.	Not broad based; Revenue goes to General Fund	Sliding scale based on number of units, and whether hotel or non-hotel rental.	FY12 \$5.2 Mil.	Council budget cycle	
4	Reallocation of Business Tax	Could support infrastructure bond	Currently goes to General Fund; of the \$5.9 mil, \$1.8 is dedicated to the Small Business Enhancement Pgm. per Council Pol 900-15	Presently flat \$34 for business w/12 or fewer emp; \$125 + \$5/employ. for business w/13+ emp.	\$5.9 mil annually	Council budget cycle	
5	Increase Redevelopment Set-Aside	Precedent/supported in other jurisdictions (but typically when they are at the end of the RDA's life).	Is presently in a state of flux; would impact ability to grow tax increment because for every \$1 reinvested downtown, \$7 of private investment is achieved.	Presently 20% of gross tax increment	\$8.5 mil. For ea. Addit. 5% set-aside.	Council/RDA apprvl, budget cycle	No longer applicable because of RDA Dissolution
Voter Approval Required, Longer Term (2 - 4 Years)							
6	Infrastructure Bond that includes affordable housing	Can be leveraged with other items; better chance at regulatory reform; would establish Affordable Hsg as necessary infrastructure.	Need to identify revenue source to support	Will need to combine with other infrastructure items to get adopted.	Rev. source TBD	Nov. 2012 or 2014	

7	Assess Property Tax to bond against	Broad Based; to support Infrastructure Bond.	Must be connected to bonding - only way to assess property tax.	2/3 majority voter approval.	Flat Fee or %	Nov. 2012 or 2014	
	Increase TOT	Was once part of HTF; best nexus to affordable housing	Must meet requirements of Council Policy 100-03 re increase (Council Discretion)	2/3 majority voter approval. Presently 10.5 cents per dollar, last increased in 1994.	\$13.6 mil for ea. 1 cent	Nov. 2012 or 2014	
8	Increase Real Estate Transfer Tax	Increase for affordable housing only	Present \$5.1 mil all goes to General Fund	As a "conforming" tax, City's rate is credited against County tax of \$1.10 per \$1,000 of sales price. If City tax is changed, it would not be credited against County rate.	\$9.4 mil for ea \$1 /\$1,000	Nov. 2012 or 2014	
9	Document Recording Tax	Permanent source; would not have to go back to voters frequently	Need info on how this would be accounted for; Legal opinion re nexus?	For docs recorded within City; Requires 2/3 majority vote	TBD	Nov. 2012 or 2014	Subject matter of SB 391
10	Refuse Collection Fee	Broad based; Support establishment of tax and use to backfill whatever General Fund monies get reallocated to AH.	Ord. requires dedication to trash collecting	Requires majority vote to repeal People's Ordinance. Fee could be implemented pursuant to Prop. 218 notification process.	\$30.1 mil based on current GF support for refuse coll.	Nov. 2012 or 2014 election followed by Prop 218 notification process	
11	One-Time Business Tax on Net worth		Narrowly focused; subject to economic cycles				
Affordable Housing Tools							
12	General Plan Maintenance Fee	City is looking at increasing fee; updated plans are essential to support development of AH	City budget impact	Current rate \$108/plan review	TBD. Depends on rate struc.	Council decision	Already in place.
13	City Land Inventory - Identify Land & Buildings	Could transfer land to SDHC or sell surplus & dedicate proceeds to AH; one-time revenue boost	May not be much "usable" land.	What is City policy on disposing of excess land? State law requires surplus to be used for AH?	TBD.	Council decision	
14	School District Land	There is an established list with some developable sites.	Not under our control.	Difficult to implement.	TBD.		
15	Optimized Zoning Incentive Plan ("O-Zip")	Developer pays fee for ea. Additional unit achieved over baseline density; additional DIF fees earned by City	Difficult to establ. Density baseline; Community giveaways included in formula.	City is required to make findings; applicant enters into a development agreement re pymt of fee and vesting project entitlements.	TBD	Council decision	
16	Equity Capture on Affordable Housing Re-Sale	Capture a % of equity upon conversion of affordable housing use.	A lien would need to be placed on the unit for 55 yrs.	Would require monitoring over long periods of time.	TBD	Council decision	
17	Water & Sewer Fee Reduction	The fee reduction for affordable housing existed for years. Should be re-instituted.	City Attorney opinion that reduction is illegal.	Find a way to reimburse the revenue so that the fee reduction for affordable housing is not illegal.		Council decision	